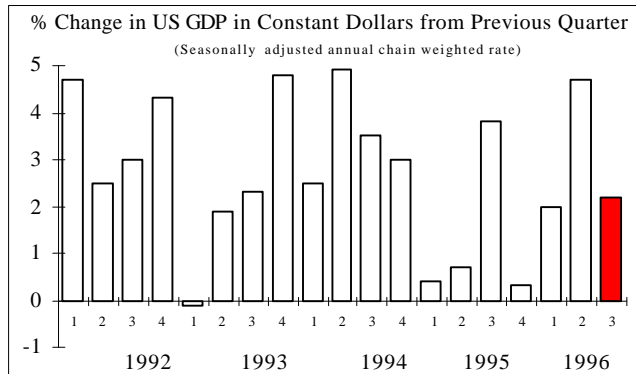


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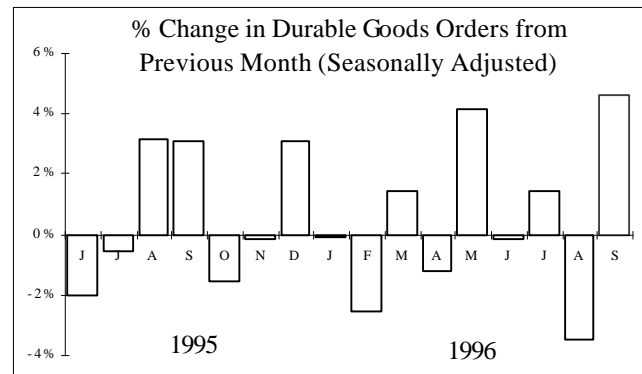


THIRD QUARTER GDP INCREASED AT 2.2% ANNUAL RATE

The Commerce Department reported that the Gross Domestic Product increased at an annual rate of 2.2% in the third quarter of 1996, less than half the 4.7% growth reported in the second quarter. The small size of this increase was mainly due to a small 0.4% growth in consumer spending. In contrast, spending for new business equipment was up by 19%, a sign that business expects continued good times.

DURABLE GOODS ORDERS JUMP IN SEPTEMBER

The Commerce Department reported that durable goods orders increased 4.6% in September, the strongest growth in almost 4 years and a reversal of the 3.5% decline in August. The increase was mainly due to a 17.5% increase in transportation orders, half of which can be attributed to a large increase in volatile aircraft orders. Unfilled durable goods orders rose 0.7% in September, the 4th increase in the past 5 months, a possible predictor of the need in the near future for businesses to increase production and employment to meet demand.



RUSSIAN COMPANIES HIDING REVENUE TO AVOID TAXES

Evidence based on studies of several thousand Russian companies indicates that an increasing share of business activity is not being reported in order to avoid taxation. For the group of companies studied, the entire decline in output could be explained by non-reporting of revenue. In this light, the official statistics showing overall decline in GDP are clearly thrown into doubt. Moreover, the gap in tax receipts associated with underreporting was the immediate cause of suspension of the \$340 million October installment of the IMF's \$10 billion loan.

RUSSIAN INFLATION

The monthly inflation rate in Russia for October was 1.2%, a sharp increase from the 0.3% rate in September and the highest rate since June. Seasonal factors are being blamed for this increase. Despite the increase in October, Russian inflation is expected to be 21% for all of 1996, significantly lower than the 131% inflation rate of 1995.

CHINA-US TRADE DISPUTE

The Chinese government has announced that starting in the first week of December it would halt importation of US products including fruit, alcoholic beverages, and some textile products. This action is in retaliation for a trade penalty imposed in September by the US for China's attempt to circumvent textile export quotas to the US by shipping garments through other countries. If the dispute is not resolved, there may be wider implications for US-China trade which reached a total volume \$6.3 billion in August.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>Nov 8</u>	<u>Nov 1</u>		<u>Nov 8</u>	<u>Nov 1</u>
Crude Oil (Foreign)	19.97	20.58	DM (Germany)	1.51	1.59
Crude Oil (Domestic)	23.58	23.03	Yen (Japan)	111.96	113.63
Pound (UK)	0.605	0.609	Peso (Mexico)	7.93	7.98
Ruble (CIS)	5461	5451	Won (S. Korea)	829	826